

**MONTANA FINANCIAL INCENTIVES**  
**BIODIESEL PRODUCTION / OILSEED CRUSHING AND ETHANOL VENTURES**  
**December 31, 2008**

**Montana Department of Agriculture**

Montana Growth Through Agriculture Program

To learn more and obtain an application:

<http://www.agr.mt.gov/business/GTA.asp>

**Montana Department of Agriculture - Growth Through Agriculture**

- ***Not specific to biofuels***
- Up to \$50,000 per award
  - o maximum of \$150,000 per company/project
  - o nine months between awards
- Four application deadlines per year: Jan 31, Apr 30, July 31, Oct 31
- Required applicant match - minimum 1 to 1
- Award may be in the form of:
  - o a grant with no repayment obligation,
  - o a low interest deferred loan
- To qualify for consideration: *proposals must have practical, near-term application involving new or alternative technologies, practices, or organizational arrangements that will stimulate expanded agricultural development, economic activity, and employment growth.*
- Contact: GTA Program Manager  
Montana Department of Agriculture  
P.O. Box 200201  
Helena, Montana 59620-0201  
406.444.3144  
[agr@mt.gov](mailto:agr@mt.gov)

---

**Combined Initiatives:**

**WIRED – Workforce Innovation in Regional Economic Development**

**Montana's Agro-Energy Plan** <http://dli.mt.gov/wired/>

Proposes revitalization of 32 counties and six Indian Reservations through bioproduct and renewable energy development.

The Department of Labor and Industry, the Department of Commerce, the Office of the Commissioner of Higher Education, the Governor's Office, and the Department of Agriculture work in coordination to further advance the vision of the **WIRED** initiative.

**WIRED Grant**

- Will expire January 31, 2010.
- Program has a defined project area. Only applicants in 32 counties of eastern, central and northern Montana are eligible.
- Program focus is on projects that directly involve job training in bioproduct business development that can attain tangible, measurable results in the form of job creation and retention involving significant leveraging of other funds.
- Businesses involved with the production of biofuels and biolubricants with special job training needs are a special focus of the program.

- **Bioproduct Business Development Job Training Grants** (Currently all funds are under contract contact Adam de Yong for project eligibility)
  - o Tied to job creation
  - o No funding limits established – at the discretion of the Montana Department of Commerce and based on the eligibility of job training costs proposed and the level of matching funds to be provided by the applicant.
    - A minimum of 1:1 matching funds is required – with the expectation that a significantly higher level of matching funds will be provided by the applicant
    - Involvement of multiple partners improves competitive position
  - o Strict rules regarding use of funds, for example:
    - Funding for equipment is essentially limited to the cost of the equipment used for training (pro-rated to the extent that it is used for training)
    - Funding cannot be for salaries of employees during training activities
  - o Applicants must provide a business plan with the application meeting specified requirements
- **Bioproduct Business Training Grants** (Currently all funds are under contract contact Adam de Yong for project eligibility)
  - o Focused on new or increased direct bioproduct business training assistance and employee development (not necessarily job creation)
  - o Minimum of 1:1 matching funds required
- **Tribal Government Set-Aside**
  - o \$50,000 annually to tribal governments in the WIRED region
  - o For job training, curriculum development, and other job training related concepts that meet WIRED eligibility requirements
  - o Available in addition to the other programs described above
- It is highly recommended that applicants work with Montana Department of Commerce Regional Development Officers in preparing applications.

Contacts: Adam de Yong, Helena  
 Project Director  
 406.444.3662  
 Email: [ADeyong2@mt.gov](mailto:ADeyong2@mt.gov)

August Uhl, Bozeman  
 WIRED Project Coordinator  
 406.994.5785  
 Email: [auhl@coe.montana.edu](mailto:auhl@coe.montana.edu)

---

#### Montana Department of Commerce

- o Commerce Loan Fund = Community Development Block Grant (CDBG) Program: Business Loans / Infrastructure Projects / Customized Training for Employees
- o Workforce Training Grants
- o Big Sky Economic Development Trust Fund (BSTF)
- o Board of Research & Commercialization Technology
- o Small Business Innovation Research Program (Small Business Development Center Bureau)
- o Workforce Innovation in Regional Economic Development (WIRED) Grant

<http://businessresources.mt.gov/>  
<http://www.mtfinanceonline.com/busfin.asp>

- *Some Programs are not specific to biofuels, but programs could be used for a biofuels project*
- Contact the Regional Development Officer for your area:  
[http://businessresources.mt.gov/BRD\\_rdooffices.asp](http://businessresources.mt.gov/BRD_rdooffices.asp)
- **CDBG Program:** Business Loans/Infrastructure Projects/Customized Training for Employees
  - o Local government makes application
  - o \$25,000 per job created up to \$400,000 per local government within the program year of April 1st through March 31st.
  - o Normally, a local government may use repayments from CDBG-ED loans for a revolving loan fund, or contract with a non-profit for revolving loan fund management.
  - o Planning Grants are available for up to \$15,000.
- **Workforce Training Grants**
  - o The maximum grant amount for each employee trained is \$5,000.
  - o A 1:3 match is required.
  - o The 60<sup>th</sup> Montana Legislature made a total of \$4 million available annually for the biennium.
  - o The maximum CDBG funding would still be \$400,000 per local government applicant (including both a CDBG loan and grant-funded employee training).
  - o The applicant must submit a detailed hiring and training plan to the Montana Department of Commerce.
- **Big Sky Economic Development Trust Fund (BSTF) Program**
  - o Earnings (interest only, not principal) from the Big Sky Economic Development Trust Fund (BSTF) are available for financial assistance to local governments and economic development organizations through application to the Department of Commerce.
- **Planning Grants**
  - o Eligible economic development planning activities include feasibility studies, business plans, workforce surveys, economic impact studies, target industry analyses, preliminary architectural reports and preliminary engineering reports.
  - o Grant awards to CRDCs and other eligible economic development organizations are for up to \$25,000 per application. Match of at least \$1 for every \$2 in BSTF assistance requested is recommended.
  - o Quarterly Application Cycle, Deadlines are March 31st, June 30th, September 30th and December 31st or the preceding business day.
- **Economic Development Projects**
  - o Financial assistance to local governments and the assisted business for up to \$5,000 for each new eligible job to be created. An “eligible job” means a new FTE (job that provides an average of 35 working hours per week on an annual basis) that provides wages that meets or exceeds the current average weekly wage of the county in which the employee is to be principally employed. \$1 for \$1 matching funds are required.
  - o Financial assistance to local governments and the assisted business in High Poverty Counties (designated counties) - financial assistance is available for

up to \$7,500 for each new eligible job to be created. 50% matching funds are required.

- Open-cycle application.
  - Local governments, Certified Regional Development Corporations (CRDCs) and economic development corporations are encouraged to contact a Department of Commerce Regional Development Officer and the BSTF program staff when preparing an application to the BSTF Program.
    - Application Guidelines and forms may be found at the BSTF Program Web site: [http://www.businessresources.mt.gov/BRD\\_Trustfund.asp](http://www.businessresources.mt.gov/BRD_Trustfund.asp)
  - **Board of Research & Commercialization Technology**
    - Research grants (\$20,000 - \$500,000).
    - The board has about \$2.6 million available to grant in fiscal year 2010 (7/1/09 - 6/30/10).
    - Minimum 25% match.
    - Eligible applicants are Montana-based research and commercialization centers.
    - One round of applications per year. The next application deadline is March 2, 2009.
    - State law requires that at least 20% of research grants made be directed toward projects that enhance production agriculture.
    - State law requires that at least 30% of research grants made be directed toward clean coal or renewable resource research and development projects.
- 

#### **Montana Board of Investments (within the Montana Department of Commerce)**

- Value-Added Business Loan Program
- Business Loan Participation Program
- Guaranteed Loan Purchase Program
- Infrastructure Loan Program

<http://www.investmentmt.com/>

The Montana Board of Investments (MBOI) is attached to the Department of Commerce for administrative purposes. The Board does not lend directly to businesses. The loans are accessed through banks and approved lending institutions. Businesses should first contact and work through local bank(s). MBOI programs typically enable businesses to access lower, fixed rate financing for viable bank-approved projects. Applicable types of loans are described below. Loan policy and application information and current interest rates may be found at the following website (see Commercial Loan Policy and Application; Value Added Loan Policy; and Application and Commercial Rate Sheet).

<http://www.investmentmt.com/Programs/instate/default.asp>

- ***Not specific to biofuels, Value-Added Business Loan Program***
  - Maximum 15-year loan term.
  - Minimum loan \$250,000 / Maximum loan approximately \$7.5 million.
  - Must create or retain at least 10 jobs.
  - 10-14 jobs created/retained qualifies for a loan rate at 4% for first 5 years.
  - 15 jobs created/retained qualifies for a loan rate at 2% for first 5 years.
  - Interest rate will be at the posted interest rate until the required jobs are created/retained.
  - Interest rate set at lowest rate for 1st 5 years, 6% for 2nd 5 years the Board posted rate at the time of application for the remaining term.

- Jobs created/retained must be by a business adding value to material/products.
- Board participates with lender in 75% of the funding, risk, collateral, and other security.
- **Business Loan Participation Program**
  - Fixed-rate financing up to 25-years with interest rates posted weekly.
  - Maximum participation amount of approximately \$70 million (10% of Trust).
  - Maximum Board participation is 80% if Board loan participation is less than 6% of Trust.
  - Maximum Board participation is 70% if Board loan participation is more than 6% of Trust.
  - Project construction contractors may be subject to prevailing wages as per policy.
  - Job creation credits may reduce posted interest rate up to 2.5%.
  - Full credit review using Board underwriting policy.
  - All projects must give preference to the employment of bona fide Montana residents.
- **Guaranteed Loan Purchase Program**
  - “Guaranteed Loan” refers to federally guaranteed loans
  - Fixed rate financing up to 30 years with interest rates posted weekly.
  - Board purchases 100% of the guaranteed portion of the loan.
  - Job creation credits may reduce posted interest rate up to 2.5% - interest rate reduction of 0.05% for each job created.
- **Infrastructure Loan Program**
  - Loans to local government for infrastructure improvement used by basic-sector businesses.
  - Business for which infrastructure is provided must create at least 15 full-time jobs.
  - Loan sized at number of jobs times \$16,666-minimum loan size \$250,000.
  - Business pays local government use fee, which is assigned to Board for loan repayment.
  - Use fee can be totally credited against Montana income taxes paid by business.
  - Total amount available for this program is \$80.0 million.

For information regarding the Value-added Loan Program, Business Loan Participation program, the Guaranteed Loan Purchase Program, or the Infrastructure Loan Program:

Herb Kulow, CMB  
 Senior Portfolio Manager  
 406.444.1218; [Hkulow@mt.gov](mailto:Hkulow@mt.gov)

---

## Montana Department of Environmental Quality

### Alternative Energy Revolving Loan Program

<http://www.deq.mt.gov/Energy/Renewable/altenergyloan.asp>

- \$40,000 maximum loan, 5% interest rate for 2008.
- for installing alternative energy systems that generate energy for the use of the applicant
- Contact: Kathi Montgomery  
 Air, Energy, and Pollution Prevention Bureau  
 1100 North Last Chance Gulch; P.O. Box 200902  
 Helena, Montana 59620  
 406.841.5243 [kmontgomery@mt.gov](mailto:kmontgomery@mt.gov)

---

## SOURCES OF TECHNICAL OR INFORMATIONAL ASSISTANCE

### Montana Department of Agriculture

Marketing & Business Development Bureau

<http://agr.mt.gov/business/busMktng.asp>

### Montana Department of Agriculture – BioProduct Innovation Center Network

- The Montana Bio-Product Innovation Centers provide customized training and technical assistance for bio-product and related value-added agriculture business opportunities. Services are provided for new and incumbent employees, owners of existing businesses, entrepreneurs evaluating new business opportunities, and cooperative members.
- Program has a defined project area. Only applicants in 32 counties of eastern and northern Montana are eligible.
- The centers provide training, coaching, and technical assistance in the following areas:
  - o Conducting and preparing business feasibility studies, business plans, market research, marketing plans, operating plans, and strategic plans.
  - o Developing written job descriptions.
  - o Developing training programs for existing, new, or potential employees
  - o Training to educate business professionals and entrepreneurs on industry dynamics and technology of specific bio-product industries.

### Montana BioProduct Innovation Center Contacts

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>o <b>Bear Paw Development Corporation</b><br/>Pam Lemer<br/>48 Second Avenue, Suite 202<br/>PO Box 170<br/>Havre, MT 59501<br/>406.265.9226<br/><a href="mailto:plemer@bearpaw.org">plemer@bearpaw.org</a></li><li>o <b>Beartooth RC&amp;D</b><br/>Joel Bertolino<br/>604 West Front Street<br/>PO Box 180<br/>Joliet, MT 59041<br/>406.962.3914<br/><a href="mailto:joel.bertolino@rcdnet.net">joel.bertolino@rcdnet.net</a></li><li>o <b>Eastern Plains RC&amp;D</b><br/>Pam Berwick<br/>2745 W. Holly St, Suite C<br/>Sidney, MT 59270<br/>406.433-2103 x125<br/><a href="mailto:pamberwick@midrivers.com">pamberwick@midrivers.com</a></li></ul> | <ul style="list-style-type: none"><li>o <b>Great Northern Development Corporation</b><br/>Jeanna Adkins<br/>233 Cascade Street<br/>Wolf Point, MT 59201<br/>406.653.2590<br/><a href="mailto:bpic@gndc.org">bpic@gndc.org</a></li><li>o <b>Snowy Mountain Development Corporation</b><br/>Terry Huff<br/>613 North East Main<br/>Lewistown, MT 59457<br/>406.535.2591<br/><a href="mailto:smdchuff@midrivers.com">smdchuff@midrivers.com</a></li><li>o <b>Lake County Community Development Corporation</b><br/>Jan Tusick<br/>407 Main Street SW, PO Box 128<br/>Ronan MT 59864<br/>406.676.5901<br/><a href="mailto:jt@ronan.net">jt@ronan.net</a></li></ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



**Montana Manufacturing Extension Center (MMEC)**  
<http://www.mtmanufacturingcenter.com/>

MMEC works with manufacturing companies to implement real, workable solutions that help to compete successfully and improve the bottom line. We now offer services through WIRED - Montana's Agro-Energy Plan assisting those involved in bio-based manufacturing, biofuels, biomass and value-added agriculture. Some of this assistance may be available through WIRED funding. And an initial consultation is free. We can help you with business training today and move you ahead for tomorrow.

Bio-diesel producers, oilseed crushers and wool processors are already receiving technical assistance, equipment training, and product costing help, and that's not all. MMEC technical, business and engineering services also include Lean Manufacturing, financial modeling, equipment justification, plant layout, feasibility studies, design for manufacturability, quality systems and more. We offer workforce training on topics of interest to manufacturers through workshops and Montana's premier manufacturing conference, "Compete Smart," hosted by MMEC and generous sponsors.

MMEC field staff are knowledgeable, unbiased, and forthright in their observations as we work with you to grow your business. They have extensive experience in manufacturing and business management. Let MMEC help you yield results – staying focused on doing the things that add value.

Contact: Jim Haider, MMEC Field Engineer  
MSU P.O. Box 174255  
Bozeman, MT 59717-4255  
MMEC Office 406-994-3812; Haider 406.461.8543  
[jhaider@coe.montana.edu](mailto:jhaider@coe.montana.edu)

---

**Montana Cooperative Development Center** <http://www.mcdc.coop/>

- ***Not specific to biofuels***
- Offers technical assistance for business formation, grant writing, and project planning.
- Contact: Brian Gion, CEO  
PO Box 3027  
300 River Drive North Suite 4  
Great Falls, MT 59403  
406.727.1517  
[brian@mcdc.coop](mailto:brian@mcdc.coop)

---

**Montana Department of Environmental Quality**

Air, Energy and Pollution Prevention Bureau  
<http://www.deq.mt.gov/ppa/aepp/index.asp>

Energy Efficiency

- Renewable Energy
- Tax and Other Incentives
- Alternative Energy Loan
- Biomass/Biofuels



---

**Montana Department of Commerce**

Regional Development Officers

[http://businessresources.mt.gov/BRD\\_rdooffices.asp](http://businessresources.mt.gov/BRD_rdooffices.asp)

Small Business Dev Centers

<http://sbdc.mt.gov/offices.asp>**REGIONAL*****Certified Regional Development Corporations***

- CRDC program funding supports local governments and communities in developing professional economic development capacity, staff and resources at a regional level.

The centers

- Provide development services to local businesses and citizens including business technical assistance and financing.
- Leverage financial resources from a variety of sectors including government (federal, state, county and local), the private sector, philanthropic community and academia to aide in the expansion of their regions economy.
- Prepare and implement regional development strategies.
- Manage Revolving Loan Funds (RLF) designed to assist new and/or expanding businesses creating new local employment opportunities.

[http://businessresources.mt.gov/BRD\\_CRDC.asp](http://businessresources.mt.gov/BRD_CRDC.asp)**LOCAL*****Local Development Corporations***

Most communities in Montana have local development corporations that can assist with financing packages and business location issues. The Department of Commerce also works closely to assist with business location projects by combining resources as much as possible.

---

**Other Sources of Technical Assistance**National Center for Appropriate Technology  
(No funding available until Farm Bill passes)<http://www.ncat.org/>

MSU Extension Service

<http://extn.msu.montana.edu/>

MSU Agriculture Research Centers

<http://ag.montana.edu/departments/>

MSU Bio-based Institute

<http://www.montana.edu/biobased/>

MSU-Northern

Bio Energy Innovation and Testing Center [www.bioenergytestingcenter.com](http://www.bioenergytestingcenter.com)



---

**STATE OF MONTANA  
OILSEED, BIODIESEL, BIOLUBRICANT INCENTIVES**

**MONTANA INCENTIVES FOR BIODIESEL PRODUCTION /  
OILSEED CRUSHING VENTURES**

- Biodiesel Production Incentive – (15-70-601 MCA)
- Oilseed Crush Facility Investment Tax Credit (Income Taxes) – (15-32-701 MCA)
- Biodiesel Production Facility Tax Credit (Income Taxes) – (15-32-702 MCA)
- Biodiesel Blending and Storage Tax Credit – (15-32-703 MCA)
- Biodiesel: Refund For Taxes Paid On Biodiesel by Distributor or Retailer – (15-70-301 MCA)
- Canola Crushing Plant Property Tax Exemption – Personal Property (15-6-220 MCA)
- Biodiesel Property Tax Rate Abatement– (15-24-3100 to 3116 MCA)

***Biodiesel Production Incentive –(15-70-601 MCA)***

- Tax incentive: 10 cents a gallon for each gallon of increased production for increases in annual production the first 3 years of production.
- Tax incentive applies to biodiesel upon which the tax has been paid by a licensed distributor.
- Tax incentive ends July 1, 2010
- "Biodiesel" means a fuel produced from monoalkyl esters of long-chain fatty acids derived from vegetable oils, renewable lipids, animal fats, or any combination of those ingredients. The fuel must meet the requirements of ASTM D6751, also known as the Standard Specification for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels, as adopted by the American society of testing and materials." Pure biodiesel is also known as "B100".
- "Biodiesel producer" means a person who engages in the business of producing, refining, or manufacturing in Montana biodiesel for sale, use, or distribution.

***Oilseed Crush Facility Investment Tax Credit (Income Taxes) – (15-32-701 MCA)***

- Credit against income taxes for cost of investments in depreciable property in Montana for purposes that is used primarily for crushing oilseed crops for purposes of producing biodiesel or biolubricants
- Credit: 15% of the cost of the property, for property invested in a facility that begins operations before January 1, 2015. Maximum credit is \$500,000
  - May be carried forward if the credit is not completely used by taxpayer in the tax year but not beyond the 7<sup>th</sup> year.
  - Not in lieu of any depreciation or amortization deduction or other tax incentive.
  - Taxpayer's adjusted basis is not decreased by any tax credits allowed.
  - May claim credit for costs incurred in the 2 tax years before the facility begins crushing oilseed or in any tax year in which the facility is crushing oilseed.
  - If operations cease within 5 years, the credit is subject to recapture.
- The taxpayer claiming a credit must be a person who as an owner, including a contract purchaser or lessee, or who pursuant to an agreement owns, leases, or has a beneficial interest in a business that crushes oilseed or that manufactures a product from crushed oilseed.

### ***Biodiesel Production Facility Tax Credit (Income Taxes) – (15-32-702 MCA)***

- Credit against income taxes for costs of investments in depreciable property in Montana to be used for biodiesel or biolubricants production.
- Amount of the credit that may be claimed is 15% of the cost of the (depreciable) property invested in a facility that begins operations before January 1, 2015. (Note: NO LIMIT)
  - May be carried forward if the credit is not completely used by taxpayer in the tax year but not beyond the 7<sup>th</sup> year
  - Not in lieu of any depreciation or amortization deduction or other tax incentive
  - Taxpayer's adjusted basis is not decreased by any tax credits allowed
  - May claim credit for costs incurred in the 2 tax years before the facility begins producing biodiesel or biolubricants and except for this previous 2 tax years allowed must have been producing biodiesel or biolubricant during the tax year for which the credit is claimed and during each year in which the credit is carried forward,
  - If operations cease within 5 years of claiming a credit or carrying a credit forward, the credit is subject to recapture
- The taxpayer claiming a credit must be a person who as an owner or have a beneficial interest in a business that manufactures biodiesel

### ***Biodiesel Blending And Storage Tax Credit – (15-32-703 MCA)***

- Credit against income taxes for the cost of investments of investments in depreciable property used for storage and blending equipment to be used for blending biodiesel with petroleum diesel for sale..
- Amount of credit that can be claimed is 15% of the cost of storage and blending equipment for property invested in a facility that begins operations before January 1, 2010.
  - Maximum credit for distributors is \$52,000
  - Maximum credit for an owner or operator of a motor fuel outlet is \$7,500
  - May be carried forward if the credit is not completely used by taxpayer in the tax year but not beyond the 7<sup>th</sup> year.
  - Not in lieu of any depreciation or amortization deduction or other tax incentive
  - Taxpayer's adjusted basis is not decreased by any tax credits allowed.
  - May claim credit for costs incurred in the 2 tax years before the taxpayer begins facility begins blending biodiesel fuel for sale or in any tax year in which the taxpayer is blending biodiesel fuel for sale.
  - If operations cease within 5 years after claiming of a credit or carrying forward, the credit is subject to recapture.
- The taxpayer claiming a credit must be a person who as an owner or have a beneficial interest in a business that blends biodiesel
- "Biodiesel blend" means a blend of biodiesel and petroleum diesel fuel that is at least 2% biodiesel
- Other stipulations:
  - Credit is for depreciable property used primarily to blend biodiesel ***made entirely from Montana-produced feedstock with petroleum diesel***
  - Sales of biodiesel must be at least 2% of the taxpayer's total diesel sales by the end of the third year following the tax year in which the credit is claimed

***Biodiesel: Refund For Taxes Paid On Biodiesel By Distributor Or Retailer – (15-70-369 MCA)***

- Fuel tax refund for biodiesel sold during the previous calendar quarter if the biodiesel is produced entirely from biodiesel ingredients produced in Montana
  - Licensed distributor: 2 cents a gallon of biodiesel
  - Owner or operator of a retail motor fuel outlet: 1 cent a gallon of biodiesel
  - Applies to fuel of which the special fuel tax has been paid.
  - Distributor or owner must file for refund within 30 days of end of calendar quarter
- "Biodiesel" means a fuel produced from monoalkyl esters of long-chain fatty acids derived from vegetable oils, renewable lipids, animal fats, or any combination of those ingredients. The fuel must meet the requirements of ASTM D6751, also known as the Standard Specification for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels, as adopted by the American Society of Testing and Materials." Biodiesel is also known as "B100" or pure biodiesel.

***Canola Crushing Plant Property Tax Exemption – Personal Property (15-6-220 MCA)***

- All machinery and equipment used in a canola seed oil processing facility is exempt from property taxes
- "Canola seed oil processing facility" means a facility that extracts oil from canola seeds, refines the crude oil to produce edible oil, formulates and packages the edible oil into food products, or engages in any one or more of those processes; and employs at least 15 employees in a full-time capacity.

***Biodiesel Property Tax Rate Abatement– (15-24-3101 to 3116 MCA)***

- Property tax rate abatement reductions (non-permanent incentives) are available for
  - Property tax rate abatements (non-permanent incentives) are available for new investments in biodiesel, cellulosic ethanol, renewable energy manufacturing plants and research and development equipment for renewable energy. This abatement reduces property tax from 3% to 1.5% of the assessed value.
  - The first million dollars of research and development equipment is eligible for incentive. There is no upper dollar limit on production facilities.
  - These incentives last for 15 years after startup, with up to an additional 4 years coverage for construction. Not to exceed 19 years.

To receive these benefits, DEQ must certify the projects meet the conditions of the bill.

Certification can be revoked and remaining abatement forfeited. A taxpayer forfeiting any portion of abatement may not reapply. Additional taxes, penalty, and interest may result from the revocation.

**MONTANA ETHANOL INCENTIVES**

- Cellulosic Ethanol Abatement Tax Credit (15-24-3101 to 3116 MCA)
- Ethanol Mandate - 10% Ethanol Blend (82-15-121 MCA)
- Tax Incentive for Production of Ethanol (15-70-522 MCA)
- Montana Gasoline License Tax (\$0.27/gal) (15-70-204(3) MCA)
- Ethanol Plant Property Tax Exemption – Personal Property (15-6-220 MCA)
- SB 293 MTBE Ban

***Cellulosic Ethanol Abatement Tax Credit (Property Taxes) (15-24-3101 to 3116 MCA)***

- The definition of "ethanol production facility" includes improvements and personal property used for the production and onsite storage of ethanol made from cellulose or other nonfood stuff materials.

- A cellulosic or other ethanol facility that meets the renewable energy research and development equipment definitions and rules may qualify for an abatement of property tax liability. If the abatement is granted for a qualifying facility, it must be assessed at 50% of its taxable value for the qualifying period. An ethanol production facility may qualify for up to a 15-year abatement (plus up to four years for construction). This abatement reduces property tax from 3% to 1.5% of the assessed value.
- If the abatement is granted for renewable energy research and development equipment, the qualifying equipment, up to the first \$1 million of the value of equipment at a facility, must be assessed at 50% of its taxable value for the qualifying period. There is no abatement for any portion of the value of equipment at a facility in excess of \$1 million.

#### **Ethanol Mandate - 10% Ethanol Blend (MCA 82-15-121)**

- State mandate requiring 10% ethanol blend within 12 months after the Montana Department of Transportation (DOT) certifies that the state of Montana has produced 40 MMGPY of denatured ethanol and has maintained that level of production at an annualized basis for at least 3 months.
- Ends five years after the 40 MMGPY production level is met.
- Not required on 91-octane grade.

#### **Tax Incentive for Production of Ethanol (MCA 15-70-522)**

- \$0.20/gal for each gallon that is 100% produced from Montana products (pro-rated for use of out-of-state feedstocks / certain percentages of Montana feedstocks must be used)
- Maximum incentive \$2 million per facility in 12 month period.
- Total incentive payments to industry may not exceed \$6 million in any 12-month period.
- Available for first six years from the date that the facility begins production
- May receive payments commencing the first quarter after the facility begins production
- Facility must file business plan with the incentive application submitted to the DOT at least two years before the estimated date of production – must have proof of commitment from lenders to finance the plant.

#### **Montana Gasoline License Tax (\$0.27/gal) (MCA 15-70-204(3))**

- Pre SB293 Mandate - Gasohol is subject to 85% of the state gasoline license tax
- Post SB 293 Mandate - Gasohol is subject to the full 100% of the state gasoline license tax

#### **Ethanol Plant Property Tax Exemption – Personal Property (MCA 15-6-220)**

- All manufacturing machinery, fixtures, equipment, and tools used for the production of ethanol from grain during the course of the construction of an ethanol manufacturing facility and for 10 years after the completion of the facility are exempt from property taxes.

#### **SB 293 MTBE Ban**

AMENDING SECTIONS 15-70-201, 15-70-204, 15-70-503, 15-70-522, 17-6-317, 82-15-101, 82-15-102, 82-15-103, 82-15-104, 82-15-106, 82-15-110, AND 82-15-111, MCA, AND SECTIONS 12 AND 13, CHAPTER 568, LAWS OF 2001; REPEALING SECTION 15-70-245, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND TERMINATION DATES...

SB 131 Restricts MTBE to residual amounts (MTBE ban).